

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 AID-05 CIAE-00 COME-00 EB-07

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CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 /080 W

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FM AMEMBASSY ROME

TO SECSTATE WASHDC PRIORITY 1589

INFO TREASURY DEPT WASHDC

AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY PARIS

USMISSION OECD PARIS

DIA WASHDC

USMISSION EC BRUSSELS

USMISSION NATO

AMCONSUL NAPLES

AMCONSUL MILAN

USCINCEUR VAIHINGEN GER

USDOCOSOUTH FOR INTAF

C O N F I D E N T I A L SECTION 1 OF 2 ROME 19772

TREASURY FOR SYVRUD

E.O. 11652: GDS

TAGS: PINT, ELAB, PINR, IT, EFIN

SUBJECT: ORGANIZED LABOR - A STATUS REPORT

1. SUMMARY. ITALY'S THREE MAJOR LABOR CONFEDERATIONS, LOOSELY UNITED UNDER THE CCU FRAMEWORK, ARE GRAPPLING WITH THE NEED TO HELP SOLVE THE COUNTRY'S ECONOMIC ILLS WHILE MOLLIFYING A SOMEWHAT REBELLIOUS CONSTITUENCY. EACH OF THE THREE FEDERATIONS IS FACING INTERNAL PROBLEMS. THE COMMUNISTS IN THE
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CGIL, FOLLOWING PCI POLICY, ARE TELLING THE WORKERS THAT

SACRIFICES AND MODERATION ARE NEEDED. THEY ARE PAYING THE PRICE OF MEMBERSHIP DISCONTENT. CISL IS STILL CHOOSING UP SIDES OVER THE SUCCESSION TO SECRETARY GENERAL STORTI, AND THE OUTCOME IS UNCLEAR. A RECENT COUP HAS PRODUCED A TURN-OVER IN UIL LEADERSHIP. TH NEW LEADER IS SLOWLY ACQUIRING THE QUALITIES WHICH HIS POSITION DEMANDS WHILE THE OUSTED LEADER IS HOPING FOR A COMEBACK. IN THIS SITUATION, THE COMMUNISTS, NOTWITHSTANDING THEIR PROBLEMS, CONTINUE TO PREDOMINATE ON THE LABOR SCENE. END SUMMARY.

2. THE MOST IMMEDIATE PROBLEM FACING ITALIAN ORGANIZED LABOR IS THAT OF RELATING TO THE BROADLY RECOGNIZED NEED FOR ITALY TO INSTITUTE MEANINGFUL AUSTERITY MEASURES IN ORDER TO MASTER THE COUNTRY'S ECONOMIC CRISIS. IN THIS EXERCISE, THE LEADERS OF THE CONFEDERATION CGIL-CISL-UIL (CCU) HAVE OBVIOUSLY BEEN BROUGHT UP SHORT BY THEIR MEMBERS -- AT LEAST THAT MINORITY OF UNION MEMBERSHIP WHICH ARTICULATES ITS ATTITUDES (ITALIAN LABOR, TOO, HAS ITS SILENT MAJORITY). LABOR LEADERS ORIGINALLY SEEMED RECEPTIVE TO THE GOVERNMENT'S INTENTIONS, INCLUDING A PARTIAL FREEZE OF WAGE ESCALATION PAYMENTS. SUBSEQUENTLY, THEY HAVE BACKED AROUND TO THE CURRENT POSITION WHICH HOLDS THE WAGE ESCALATION SYSTEM TO BE "UNTOUCHABLE" APART FROM "HOMOGENIZATION" (I.E., REARRANGING THE FEW DEVIANT WAGE ESCALATION SYSTEMS IN BANKING, THE CHEMICAL INDUSTRY AND ELSEWHERE, TO CONFORM TO THE ONE GENERALLY APPLIED IN INDUSTRY).

3. INSTEAD, LABOR IS IN PUBLIC ACCORD WITH MANAGEMENT THAT EMPHASIS SHOULD BE ON INCREASING PRODUCTIVITY THROUGH THE REDUCTION OF ABSENTEEISM (INCLUDING THE REARRANGEMENT AND REDUCTION OF HOLIDAYS) AND THROUGH FACILITATING LABOR MOBILITY. MANAGEMENT, FOR ITS PART, AGREES WITH LABOR IN OPPOSING ANY FREEZE ON WAGE ESCALATION BECAUSE (1) THIS WOULD PROVIDE NO LABOR COST RELIEF -- MANAGEMENT WOULD HAVE TO CONTINUE TO MAKE THE PAYMENTS, ALBEIT TO THE GOVERNMENT; IN FACT, THE PROPOSAL COULD HAVE THE OPPOSITE EFFECT OF FOSTERING WAGE DEMANDS ON THE PART OF THOSE DENIED THEIR WAGE ESCALATION INCREMENTS; AND (2) THE PLAN WOULD FURTHER CONTRACT WAGE SPREADS WHICH HAVE CONVERGED IN RECENT YEARS THROUGH THE TENDENCY TO DEMAND FLAT-SUM INCREASES FOR ALL. THIS SITUATION HAS ALREADY LED

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MANAGEMENT IN SOME CASES TO PAY THEIR MORE SKILLED WORKERS UNDER-THE-TABLE BONUSES (TAX-FREE, OF COURSE, SINCE THEY DO NOT APPEAR ON PAYROLL MANIFESTS).

4. IF THE AUSTERITY ISSUE IS ORGANIZED LABOR'S MOST IMMEDIATE PROBLEM, ITS MOST CHRONIC PROBLEM IS ITS OWN LACK OF IMAGINATION AND OF TRUE LEADERSHIP CAPABILITIES. GIVEN THIS SITUATION, THE CGIL CONSISTENTLY PREVAILS WITH EASE. THEIR

LEADERS ARE NOT NECESSARILY MORE INTELLIGENT; IF THEY WERE, THEY WOULDN'T BE COMMUNISTS. THEY ARE, HOWEVER, MORE DISCIPLINED, MORE DEDICATED, BETTER MOTIVATED. TO ANY DISCUSSION, THE CGIL COMES PREPARED. IN RECENT YEARS, THEY COME PREPARED WITH PROPOSALS THAT ARE NOT ONLY WELL-REASONED BUT FREQUENTLY MORE MODERATE THAN THOSE TO WHICH THE CISL AND UIL LEADERS MIGHT GENERALLY BE DISPOSED. FOR THESE REASONS, THEN, IT IS GENERALLY CGIL IDEAS WHICH BECOME CCU POLICY.

5. STILL, THE CGIL IS NOT WITHOUT ITS OWN PROBLEMS. IT IS PRESENTLY UNDERGOING A MAJOR TEST OF ITS RESILIENCE AS IT UNDERTAKES THE IMPLEMENTATION OF PCI POLICY. THE COMMUNIST PARTY AT PRESENT IS GENERALLY SUPPORTING THE PROPOSALS OF THE DC MINORITY GOVERNMENT, PROPOSALS WHICH CALL FOR CONSIDERABLE LABOR RESTRAINT. THE CGIL COMMUNISTS, TOGETHER WITH PCI FUNCTIONARIES, ARE OUT SELLING THIS PROGRAM AT THE GRASS ROOTS. DISCONTENT CAN BE SEEN IN A NUMBER OF AREAS, YET IT IS A DISCONTENT WHICH TO DATE IS WITHIN TOLERABLE LIMITS, TESTIMONY TO THE CGIL'S ENORMOUS ORGANIZATION SKILL AND TO ITS EXTENSIVE HOLD OVER ITS CONSIDERABLE MEMBERSHIP. THE CGIL SOCIALISTS, RATHER IN LINE WITH THE PSI, ARE IN THE VAN OF THOSE OBJECTING TO THE AUSTERITY PROPOSALS, BUT DO NOT SEEM TO BE MAKING MUCH HEADWAY BY PURSUING THAT COURSE. IN ANY EVENT, THE TOP SOCIALIST PERSONALITIES IN THE CGIL (BONI AND DIDO) ARE SAID TO BE MOVING ON SOON. THE LIKELIEST SUCCESSOR TO THE TOP SOCIALIST POST IN THE CGIL IS AGOSTINO MARIANNETTI, SAID TO BE A MORE ATTRACTIVE, LESS SERVILE PERSONALITY THAN EITHER BONI OR DIDO. THE LATTER HOPED TO BE NAMED TO SUCCEED

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INFO TREASURY DEPT WASHDC
AMEMBASSY BONN
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C O N F I D E N T I A L SECTION 2 OF 2 ROME 19772

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SPINELLI AS COMMISSIONER WITH THE EUROPEAN COMMUNITY AT BRUSSELS BUT HAS LOST OUT TO FELLOW SOCIALIST ANTONIO GIOLLIT, FORMER CABINET MEMBER.

6. CISL IS IN THE TOILS OF THE SUCCESSION TO BRUNO STORTI. IT IS NOW QUITE CLEAR THAT STORTI COMMITTED A TOTALLY UNCHARACTERISTIC GAFFE WHEN HE ANNOUNCED HIS RETIREMENT FROM CISL PRIOR TO HAVING HIS CAREFULLY SELECTED SINECURE -- THE PRESIDENCY OF THE NATIONAL COUNCIL ON ECONOMICS AND LABOR (CNEL) -- BUTTONED DOWN. FOR A WHILE, IT APPEARED HE MIGHT
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NOT GET THE CNEL JOB AT ALL, SINCE IN HIS LAME DUCK STATUS HE WAS EXPERIENCING GREAT DIFFICULTY IN PROGRAMMING THE SUCCESSION IN A MANNER ACCEPTABLE TO TOP DC LEADERSHIP. HOWEVER, CISL SECRETARY FRANCO MARINI TELLS US HE IS URGING PARTY LEADERS TO EXPEDITE THE STORTI APPOINTMENT SINCE STORTI'S CONTINUED PRESENCE AT THE HELM OF CISL IS OBSTRUCTING, IN EFFECT, MARINI'S OWN CANDIDACY.

7. THE SUCCESSION ITSELF STILL APPEARS TO BE A HORSERACE. IF STORTI LEAVES SOON (AND HIS CNEL APPOINTMENT MAY BE ANNOUNCED IN THE NEXT FEW DAYS), DEPUTY SECRETARY GENERAL MACARIO WILL BE NAMED TO SUCCEED HIM. THE FIGHT WILL COME BETWEEN MARINI AND NATIONAL SECRETARY CARNITI TO SUCCEED MACARIO SINCE THE WINNDR OF THAT CONTEST WILL HAVE A GOOD CHANCE TO MOVE UP TO THE TOP WHEN CISL HOLDS ITS NATIONAL CONGRESS LATE NEXT SPRING. BOTH CARNITI AND MARINI HAVE ADVANTAGES, AS REPORTED AT LENGTH EARLIER. MARINI IS NOT BEING HELPED BY THE GOVERNMENT'S CURRENT POSITION OFFERING ZERO WAGE INCREASES IN THE RENEWAL OF PUBLIC SERVICE BARGAINING CONTRACTS, SINCE MARINI DEPENDS ON THE PUBLIC SECTOR UNIONS FOR MUCH OF HIS STRENGTH.

AN INTERESTING ELEMENT IN THE CONTEST IS THE EMERGENCE OF A CISL GROUP UNDER THE LEADERSHIP OF LUCA BORGOMEIO, CISL PRESS SECRETARY. NOMINALLY PART OF THE STORTI ENTOURAGE, BORGOMEIO AND HIS FOLLOWERS SEEM TO BE OPPOSED TO THE CARNITI CANDIDACY. CISL MINORITY LEADER SARTORI CLAIMS THAT, WITH THE BORGOMEIO GROUP, A MAJORITY NOW EXISTS TO DENY THE SUCCESSION TO CARNITI. THIS NEW MAJORITY, HOWEVER, HAS YET TO BE PUT TO THE TEST.

8. THE UIL IS STILL DIGESTING THE EFFECTS OF THE SOCIALIST COUP WHICH, WITH THE KEY AID OF THE SOCIAL DEMOCRATS, SUCCEEDED IN OUSTING LONGTIME SECRETARY GENERAL VANNI AND REPLACING HIM WITH GIORGIO BENVENUTO. THE LATTER IS FINDING IT DIFFICULT TO BREAK OLD HABITS, SUCH AS EXPRESSING HIMSELF CONSTANTLY, TO ALL INTERROGATORS, ON ALL TOPICS. EVEN ONE WITH A MORE COHERENT ANALYTICAL ABILITY THAN BENVENUTO WOULD FIND HIMSELF SAYING CONTRADICTORY THINGS, SO THAT IT IS NO WONDER HE SEEMS AT TIMES TO BE ALL THINGS TO ALL MEN AND NOT QUITE ENOUGH FOR ANY. STILL, BENVENUTO GIVES EVIDENCE OF SETTLING INTO A MORE SOBER PATTERN OF THOUGHT, PARTLY THROUGH THE MINISTRATIONS OF PSI SECRETARY CRAXI (WHO, HOWEVER, DOESN'T

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HAVE MUCH TIME TO SPARE FROM HIS FULL-TIME JOB OF FENDING OFF THE RESURGENT DE MARTINO FACTION), AND PARTLY THROUGH CLOSE MONITORING ON THE PART OF THREE YOUNG UIL LABOR LEADERS FROM MILAN (SERAFINI, ZAFFRA AND GALBUSERA) WHO HAD AN IMPORTANT HAND IN PULLING OFF THE COUP AND WHO ARE NOW LITERALLY BABYSITTING BENVENUTO TO KEEP HIM IN REASONABLE LINE. ONE OF THE THREE, ON A ROTATIONAL BASIS, IS IN ROME AT UIL HEADQUARTERS AT VIRTUALLY ALL TIMES, KEEPING AN EYE ON THINGS, MOSTLY ON BENVENUTO.

9. THE DEPOSED VANNI IS LICKING HIS WOUNDS, SEEKING TO IDENTIFY HIS CHIEF TORMENTORS AND PLOTTING A COMEBACK. HE IS BEING PARTIALLY ABETTED IN THESE PLANS BY SOME SOCIAL DEMOCRATS WITH SECOND THOUGHTS. A MEETING OF THE "UIL MINORITY" IS SAID TO BE BREWING FOR MID-DECEMBER. HOWEVER, THE NUMBERS IN THE UIL ARE SUCH THAT, UNLESS HE CAN RECONSTITUTE HIS FORMER COALITION, CONSISTING OF VIRTUALLY ALL THE SOCIAL DEMOCRATS PLUS THE SIMONCINI SOCIALISTS, TOGETHER WITH HIS OWN REPUBLICANS, HIS HOPES ARE VAIN. THE ODDS AGAINST BRINGING THIS ABOUT ARE VERY HIGH. VOLPE

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